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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

TELEPHONE: (202) 224-5175 FAX: (202) 224-5619

December 4, 2009

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
Room 8-C445
Washington, DC 20554

Re: Comments --- National Broadband Plan Public Notice #18

Dear Chairman Genachowski:

It is my understanding that the Federal Communications Commission (FCC) is seeking public comments on the impact of broadband technology on small business growth and economic development. These comments will assist the Commission in completing the National Broadband Plan required by the American Recovery and Reinvestment Act. Like you, I hope that this plan will serve as a catalyst for our country to become a global leader in broadband networking. Over the past few years, expanded broadband access has promoted small business competitiveness by improving efficiency, lowering costs, and reducing geographic barriers to commerce.

In my capacity as Chair of the Senate Committee on Small Business and Entrepreneurship, I am particularly interested broadband's capacity to create and grow small businesses. In Louisiana, one company that has had great success because of broadband is Network Foundation Technologies (NFT). NFT, started by two Louisiana Tech University graduates, has developed technology that permits live streaming video over the Internet without using large amounts of bandwidth. They have been very successful in bringing sporting events live over the Internet. In partnership with Louisiana Tech and utilizing broadband, NFT pumps signals throughout the country and around the world from Ruston, Louisiana – a mid-sized town in the rural, northeast part of our state.

Since 2003, this company has grown to about 40 employees, many drawn from the ranks of Louisiana Tech science and engineering programs. These are new, high-paying jobs that have been a strong asset to north Louisiana's economy. Without broadband, this company and others like it would not be able to locate in Ruston. However, with broadband and the proximity to the university, high-tech companies like NFT are able to provide job opportunities that are otherwise associated with high-tech corridors in Massachusetts or California. I believe that this model of a successful public-private partnership in Louisiana could benefit small businesses in other parts of the country.

Next, as a senator from a state with many rural communities, I believe that broadband offers many benefits for our rural small businesses. As you may know, approximately 49.4 million people – 20.4 percent of the population – live in rural counties. Rural America is being eroded in one of two ways: (1) either rural counties are being overtaken by urban sprawl, which diminishes its rural character or (2) rural counties are losing population, losing businesses, and losing their youth. For example, rural poverty rates exceed urban rates in every region and in

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total there are seven million rural residents who are poor. Three hundred forty of 386 counties nationwide that are classified as "persistently poor" are rural counties.

Nationwide, the population at age 65 and older has more than doubled -- from 16.6 million to 35 million people between 1960 and 2000. Rural communities in particular are getting disproportionately older than the U.S. population at large. This could be due to the fact that many children growing up in rural communities and small towns tend to leave because they feel "disconnected". That persistent outward migration is causing a wholesale abandonment of the small Main Streets that have long been a cultural treasure as well as an economic engine. I believe that allowing these communities to be connected socially and commercially to urban areas will help to revitalize small town centers, preserve and attract more independent businesses, attract those seeking a less hectic lifestyle, and stop the graying of Rural America.

More specifically, the lack of broadband in rural Louisiana is stifling small business survival and growth. In many rural communities, the only choice available for Internet connectivity is dial-up service. For example, Ms. Edna Wheless from Logansport, Louisiana is currently looking to start a new magazine ("DeSoto Life Magazine") for DeSoto Parish. This magazine would be printed and mailed out to subscribers. A local technical assistance center suggested that Ms. Wheless cut her business costs by putting the magazine on the Internet. This would allow her to sell subscriptions online instead of printing and mailing the magazine. However, in this rural area, broadband is not readily available and dial-up services, which are available, are extremely slow. These slower Internet services discourage the growth of Internet-based businesses in the area. Also, many rural residents in this area still lack computers in their homes or rely solely on computers at schools and libraries. The lack of broadband availability and computer access in this area is greatly limiting options for entrepreneurs like Ms. Wheless.

For this reason, I believe the FCC should review ways to further incentivize broadband deployment in rural areas. I am aware that the FCC itself has noted that "the cost to provide service in rural areas is significantly higher than in urban areas, and is driven not only by higher capital expenditures, but also significantly higher recurring operating expenses." These high operating expenses are largely due to transport and transit costs. As Ms. Wheless relayed to my office, "[We] beg and plead for businesses to come into our parish to help provide jobs, but we do not have the proper amount of infrastructure to help struggling businesses get up and going. Broadband would be of particular interest to businesses in the greater part of DeSoto Parish." The FCC might also review ways to better coordinate deployment of broadband technology to libraries, schools, and community colleges. Similar programs initiated in the American Recovery and Reinvestment Act could be scaled up to address this need. A benefit of this approach is that in creating broadband clusters, it often leads to the creation of new small businesses or helps to grow existing small businesses.

In addition to connecting community hubs and further increasing broadband deployment in rural areas, one area that is often overlooked is the potential for broadband to spur tourism in rural areas. Based on 2000 data, the Federal Reserve Board in Kansas estimated that basic travel and tourism industries accounted for 3.6 percent of all U.S. employment. Furthermore, data from the Travel Industry Association of America estimates that one out of every 18 people in the U.S. has a job directly resulting from travel expenditures.

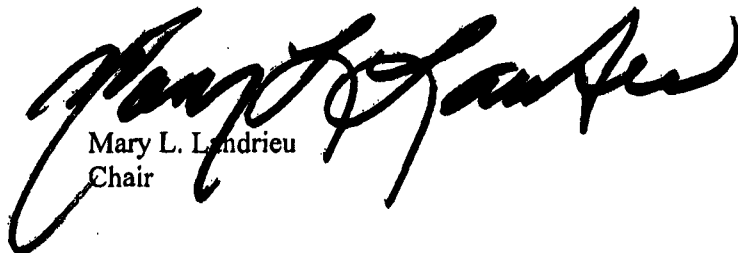
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As such, tourism is an important segment of the U.S. economy and it has an amazing potential to help small business, particularly in rural communities in our country. With broadband becoming available, rural small businesses will become more visible as technology improvements remove geographic barriers for them. There is also an increased interest in both agri-tourism and eco-tourism, which benefit family farms and rural communities through increased profits and sales tax revenues. Forest Hill, Louisiana is a great example of broadband allowing a region to find an agri-tourism niche in a regional/global marketplace.

Forest Hill, in central Louisiana, is a village of about 450 people. It is home to over 60 plant nurseries and is one of Louisiana's oldest - and the South's largest - nursery regions. Every year, during the third weekend of March, Forest Hill is home to the Louisiana Nursery Festival. It is the village's yearly attraction and brings in thousands of people each day to see the many floral, artistic, and amusement booths. Businesses and landscapers routinely visit Forest Hill to purchase wholesale plants from the various nursery operators. Broadband availability in Forest Hill has allowed small businesses there to: (1) increase efficiencies in existing commercial relationships; (2) increase market presence while reducing the cost of reaching larger markets; and (3) compete more effectively in the marketplace by introducing new services to customers. The European Union, in its 2009 document "Better Access for Rural Areas to ICT" noted similar projects in Sweden, Poland, and Slovakia that are utilizing broadband technologies to promote tourism in rural areas. These national and international models demonstrate rural small businesses, working in clusters via broadband connectivity, to bring more tourists to their communities.

In closing, I thank you for your efforts to improve the lives of everyday Americans and small business owners through deployment of these important technologies. It is my hope that you will join my committee in exploring ways to make high-speed Internet services both available and affordable for our country's small businesses. I look forward to working closely with you, both through existing and future programs, to help the United States assume its rightful place as a leader in broadband deployment, availability, and adoption.

Sincerely,



Mary L. Landrieu
Chair

Cc: The Honorable Michael J. Copps, Commissioner
The Honorable Robert M. McDowell, Commissioner
The Honorable Mignon Clyburn, Commissioner
The Honorable Meredith Attwell Baker, Commissioner

MARY L. LANDRIEU, LOUISIANA: CHAIR
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February 22, 2010

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Dear Chairman Genachowski:

I write to you regarding the National Broadband Plan and the impact that it will have on our nation's small businesses. The National Broadband Plan represents enormous opportunity to help educate our children, connect our rural communities, and allow businesses to prosper in spite of geographic barriers. I commend the Federal Communications Commission (FCC) for all of your hard work in creating this important blueprint for our nation's technological future.

As Chair of the Senate Committee on Small Business and Entrepreneurship, I am particularly interested in broadband's capacity to create and grow small businesses. In order to protect our nation's economic growth and prosperity, it is essential that the National Broadband Plan support small business suppliers of broadband as well as small business customers of broadband Internet service. Many smaller broadband providers have already begun to fulfill the goal of bringing broadband to unserved areas, and they must continue to be active participants in the effort to improve infrastructure and expand broadband availability. In addition, small business customers can use broadband to increase their efficiency, allow for telecommuting, expand their customer base and boost their innovation. As such, the FCC should promote policies that facilitate this growth, and any Federal agency receiving funding towards broadband deployment should closely follow the statutory contracting goals for small businesses.

I also believe there is an important role for the Small Business Administration (SBA) to play in assisting small businesses in gaining access to and benefitting from broadband technology. Initiatives that incorporate SBA's programs and expertise in dealing with small entrepreneurs will work towards improving the adoption rate among America's small businesses. The SBA can also help small businesses to utilize broadband technology in new ways, to make their businesses more competitive in the U.S. economy as well as in the international marketplace.

With this in mind, I respectfully request your attention to the following items relating to small business and the National Broadband Plan. These are suggestions that I believe would make the National Broadband Plan more reflective and responsive to the needs of small business:

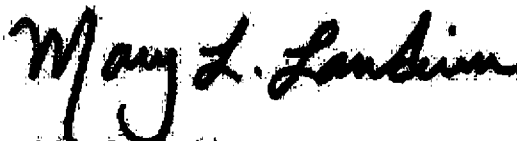
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- **Create a Broadband and Emerging Technologies Coordinator at the SBA:** While SBA has multiple program offices that focus on core small business issues (contracting, lending, counseling, etc.), there is currently no one at SBA that is primarily focused on technology-related issues such as broadband. To address this need, I recommend that the SBA Administrator designate an SBA employee to coordinate programs that assist small businesses in adopting, making innovations in, and using broadband and other emerging technologies. This position would also serve as the liaison of the SBA to other Federal agencies involved in broadband, including the Department of Commerce, Department of Agriculture, and the Federal Communications Commission.
- **Federal Broadband Programs Guide:** There are numerous Federal agencies that have broadband-related programs; however, no centralized website or inventory describing these programs exists. For example, there are grant/loan programs at the Department of Agriculture, Department of Commerce, and SBA. Businesses or local governments applying for one program may not be aware that there are other Federal programs which may be of interest. To assist small businesses, the FCC should submit a report to Congress detailing Federal programs that benefit small businesses in providing and accessing broadband service and offer recommendations for improving coordination among the programs.
- **Ensure SBA Entrepreneurial Development Programs Include Broadband Counseling:** Currently, Small Business Development Centers (SBDCs) have a variety of missions, including assisting businesses with general business needs (business plans, identifying sources of capital, improving efficiency), promoting international trade opportunities, and even promoting rural tourism. One focus not specifically outlined for SBDCs is to help small businesses access broadband and other emerging technologies. Recent advances in technology provide the potential for small businesses to greatly improve their efficiency and competitiveness. Therefore, I recommend that SBDC's and other SBA resource partners be tasked with educating their clients on the availability of broadband and other emerging technologies.
- **Amend SBA Capital Access Programs to Promote their Use for Broadband:** To fully utilize SBA programs for the expansion of broadband, it should be made clear that SBA loans may be used for broadband-related expenses. Legislative language could clarify that proceeds from 7(a) loans, Microloans, and 504 loans may be used "to purchase the equipment for broadband or other emerging information technologies." This specific change would highlight and perhaps encourage the use of loan funds for broadband purposes.
- **Focus on Existing Innovation Programs:** As the FCC implements the National Broadband Plan, I encourage you to coordinate with existing programs such as the

- Federal and State Technology (FAST) partnership program and the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs to achieve the goals of commercialization, innovation, and collaboration. FAST provides funding for universities and tech centers to work with small businesses to help them receive SBIR and STTR awards, which in turn helps bring their ideas to commercialization. The FAST program recently received a \$2 million appropriation but needs \$5 million annually to operate at its full capacity. These are proven programs that have created thousands of jobs over the past few years, so it may be beneficial to channel additional funds through the SBIR and STTR programs instead of creating new commercialization programs.

In closing, I thank you for your consideration of these recommendations and I look forward to continuing to work with you and your staff to ensure that our National Broadband Plan best addresses the needs of small businesses. If you have any questions or if I can be of assistance, please do not hesitate to contact me or have your staff contact Cheryl Johns or Brian Van Hook at the Committee at (202) 224-5175.

Sincerely,



Mary L. Landrieu
Chair

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

April 1, 2010

The Honorable Mary L. Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chairwoman Landrieu:

Thank you for your letter regarding the impact of broadband on small business and economic growth. The examples in your letter of entrepreneurs owing so much of their success to broadband access reflect the power of broadband networks to spread opportunity and create jobs and commerce. I appreciate your thoughts on our development of the National Broadband Plan, and the opportunity for Commission staff to work with your office as it compiled recommendations for the Plan.

We are in complete agreement on the essential nature of broadband access for small businesses and rural areas. The Plan includes recommendations, strategies, and initiatives to empower small businesses – particularly a recommendation to foster development of a public-private partnership for small businesses. The Plan also recognizes the need for tools and training to enable small businesses to maximize the benefits of broadband. Mobile broadband will play a key role in bringing access to the areas of the nation beyond the reach of standard cable and DSL services. The Plan also recommends a major transformation of the Universal Service Fund – converting it over time to broadband support and freeing up more resources to build 21st century communications networks

We entered your letter into the public record for this proceeding. I look forward to continuing a constructive dialogue with you on these critical issues. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Julius Genachowski